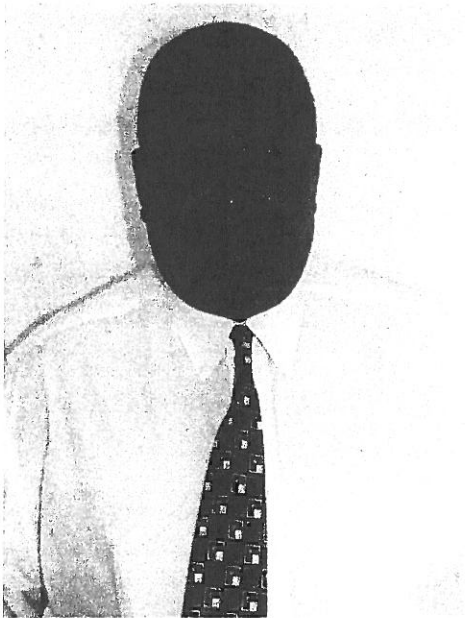


4.4. BUDGET AND TREASURY OFFICE



SB NKOSI CHIEF FINANCIAL OFFICER LEGISLATIVE FRAMEWORK

Section 80 of the Municipal Finance Management Act, 2003 provides that every municipality must have the Budget and Treasury Office.

The budget and treasury office consists of :

- The Chief Financial Officer
- Officials of the municipality allocated by the Accounting Officer to the Chief Financial Officer
- And any other person contracted by the municipality for the work of the office.

At Zululand District Municipality the Budget and Treasury Office is headed by the Chief Financial Officer. The Office has 37 officials allocated to it.

Functions Performed by the Budget and Treasury Office include:

- Advising the Accounting Officer on the exercise of powers and duties as assigned by the Municipal Finance Management Act;
- Assisting the Accounting Officer in the administration of municipal bank accounts, preparation and implementation of the municipal budget.
- Advising other senior managers on financial matters;
- Performing the budgeting, accounting analysis, financial reporting, cash management, debt management, supply chain management, risk management and other functions as may be delegated by the Accounting Officer from time to time.

2008/2009 Performance Highlights

Budgeting and Budgetary Control

The 2008/2009 multi-year budget was approved by the council in May 2008. The allocations were as follows:

EXPENDITURE	BUDGET 2008/2009	ACTUALS 2008/2009
Operating	252 495 907	267 364 786
Capital	212 210 638	193 827 685
Total	464 706 545	461 192 471

Financial Reporting

The 2008/2009 financial statements were submitted in time. The challenge faced as the preparation of GRAP compliant financial statements in house. But the experience attained throughout the process is invaluable. There were significant changes in the accounting policies as a result of the implementation of GRAP standards.

All other reports required in terms of the Division of Revenue Act were submitted in time. The DORA Grants received during the financial year were spent as per the table below. It is noteworthy that there is a substantial decrease in the unspent conditional grants.

Had, the financial years of both National and Provincial spheres been synchronised with the local sphere, the unspent conditional grants would have actually been reduced further. To illustrate an airport grant for 09/10 is transferred by a Provincial department in April 2009 and at 30 June 2009 this amount is then reflected in the municipal financial statements as unspent thus giving an impression that the municipality does not spend its allocated conditional grants.

The DORA grants received during the financial year were spent as follows:

Grant Name	Grant Purpose	Usage of grant	Amount received	Amount spent
FMG	To finance reforms in financial management	Grant was used for intended purposes	500 000	500 000
MIG	To supplement capital finance for basic municipal infrastructure	Grant was used for intended purposes	146 528 000	129 313 170

MSIG	To assist municipality to perform their functions and stabilise institutional and governance	Grant was used for intended purposes	735 000	1 554 204
BELGRADE MPCC	To assist LM's to perform their functions- certain portion has been transferred to Phongola municipality	Grant was used for intended purposes	3 391 656	600 000
DWAF	To subsidise water schemes owned by departments to municipalities	Grant was used for intended purposes	26 680 400	71 857 333
EQUITABLE SHARE	To finance the operation of the municipality	Grant was used for intended purposes	127 541 093	127 541 093

Capital Commitments:

The capital commitments consist of infrastructure assets to the total value of R169,712,909.05.

Risk Management

The Audit and Performance Management Committee had 6 meetings during the year to discuss internal audit reports and performance management report. Internal audit covered the following aspect in 2008/2009:

- Draft fraud prevention plan
- The risk register
- 2008/2009 Internal Audit Plan
- The Municipal Budget and reporting regulations
- Audit Plan
- Annual Report
- Evaluation of the performance of the internal auditors
- ZDM mid-year assessment
- Performance Indicators
- Progress Report on Internal Audit
- Audit report on management performance measurement
- ZDM Investigation

Internal controls were operational and they assisted the municipality to uncover malpractices that were undertaken by a cashier. Most reconciliations were performed monthly.

The council does not suffer any liquidity risk due to the process of closely monitoring cashflow forecasts and avoidance of debt that cannot be serviced.

Debt Management

The nature and extent of poverty in the district is negatively affecting the ability of the majority of our residents to pay for the services rendered. As a result, the value of outstanding debtors is increasing.

To reduce this outstanding balance, council has resorted to the strict implementation of the credit control and debt collection policy by installing controlled flow meters for the indigent consumers and the restriction of water supply for the non-indigent consumers.

Summary of Debtors by Customer Classification:

As at 30 June 2009	Consumers	Industrial and Government
0-30 Days Current	995 805	517 531
31-60 Days	844 005	602 817
61-90 Days	645 846	335 715
91-120 Days	1 319 457	425 817
121-365 Days	17 028 410	2 125 841
+365 Days		
Total	20 833 523	4 007 721

Creditors

Creditors are paid on monthly basis, and within the 30 days time limit set by the Municipal Finance Management Act.

Supply Chain Management

The primary objective of this section is to provide supply chain management which is fair, transparent, efficient, equitable, competitive and which ensures best value of money for the municipality and promotes local economic development.

Members of Bid Committes

Bid Specification

- Mr C Nel Chairperson
- Mr M Dladla
- Mr S Ngcobo
- Ms Z Ntombela
- Ms G Nene

Bid Evaluation

- Mr S Khumalo Chairperson
- Ms NS Mthembu
- Ms Gwamanda
- Mr S Landman
- Ms N Hlengwa

Bid Adjudication

- Mr. SB Nkosi Chairperson
- Mr. MN Shandu
- Mr. C Nel
- Mr. TL Xaba

Number of meetings held during 2008/09 financial year

Bid Specifications	25
Bid Evaluation	23
Bid Adjudication	21

CHAPTER 5: AUDITED FINICIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

As indicated earlier, the Zululand District Municipality received an unqualified report from the Auditor-General for the seventh consecutive year as at 30 June 2009. In the report a number of matters of non-compliance with laws and regulations were however raised by the Auditor-General and will be fully dealt with in 2009/2010.

Annexures:

Annexure A: The full report from the Auditor-General

Annexure B: The June 2009 Annual Financial Statements

CHAPTER 6: AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Membership

The Zululand District Municipality has an Audit and Risk Management Committee set up in accordance with the prescripts of the Municipal Finance Management Act No. 56 of 2003, section 166. The Committee comprises of two independent members, who are not in the employ of the Zululand District Municipality, nor are they political office bearers.

The Chairperson of the Audit Committee is an independent person who is knowledgeable of the status of the position and has the requisite legal, business and leadership skills. The Committee operates in terms of written terms of reference approved by the municipality's Accounting Officer and Council's Executive Committee, which is in accordance with best practice.

Audit Committee members and attendance

The Committee performs its responsibilities as required in terms of the Municipal Finance Management Act (MFMA), as well as the code of Corporate Governance. The Audit Committee meets a minimum of four (4) times during a financial year. For the financial year ending 30 June 2009, the Committee has reviewed and/ or advised on matters relating to:

- The adequacy, reliability and accuracy of financial reporting and information;
- The activities and effectiveness of internal audit function;
- The accounting and auditing concerns identified as a result of the internal or external audits;
- The effectiveness of the internal control systems;
- Risk Management;
- Compliance with the MFMA and other applicable legislation;
- Performance Management; and
- Reports on forensic investigations.

Internal Audit

The Zululand District Municipality has a system of Internal Audit under the control and direction of its Audit and Risk Committee. Based on the results of assurance work carried out by the Internal Audit unit, there are areas where the internal control systems have been identified as weak. The weaknesses in internal control systems have been brought to the attention of management to take corrective measures.

Performance Management

The municipality made significant changes to the organizational scorecard which was as a direct result of the changes in the applicable National Treasury regulations. The scorecard has also been revised to ensure alignment to the Integrated Development Plan (IDP) of the Municipality. Systems are being implemented to monitor organizational and individual performance.

ACTION PLAN TO ADDRESS AUDITOR - GENERAL QUERIES

In terms of Section 121 (3) (g) of the Municipal Finance Management Act, the municipality must include in the Annual Report “particulars of any corrective action taken or to be taken in response to issues raised in the audit report”, therefore those particulars are supplied hereunder in the same numbering as in the audit report with their corrective measures.

9. Restatement of corresponding figures - Monthly reconciliation will be implemented.

12. The monthly reports to National Treasury on awards for contracts above R 100 000 are now submitted to National Treasury as and when the awards are made. Report to be submitted to Audit Committee by the Deputy Chief Financial Officer.

14.2 Quarterly management accounts will be performed and submitted to the Municipal Manager and the Executive Committee.

14.3 The Annual report for 2009 / 2010 will be scheduled.

14.6 Audit Committee is on schedule for complying with Section 166 (2).

14.7 A meeting was held between the Municipal Manager and the Internal Audit team to discuss non-performance. It has been mutually agreed that more visits will be done in 2009 / 2010.

14.11 A risk assessment is scheduled to take place in January 2010. The services of Provincial Treasury have been procured.

14.13 Prior year Audit findings have subsequently been resolved.

14.15 The PMS is under development.

14.16 A PMS Specialist is assisting the Council.

Annexure A
Auditor-General's Report
2008/09

**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF ZULULAND DISTRICT MUNICIPALITY FOR
THE YEAR ENDED 30 JUNE 2009**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Zululand District Municipality which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 124 to 161.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. Paragraph 11 *et seq.* of the Standard of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Zululand District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2009 and its financial performance and cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA.

Emphasis of matter

Without qualifying my opinion, I draw attention to the following matter:

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of the municipality implementing new accounting policies and Standards of GRAP for the 2008/2009 financial year and changes to existing policies.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Material inconsistencies in information included in the annual report

10. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

Unaudited supplementary schedules

11. The municipality provided supplementary information in the Annexure A, B, C,D, E1,E2 and F to the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information and other supplementary information set out on pages 124 to 161 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion thereon.

Non-compliance with applicable legislation

Municipal Finance Management Act

12. The municipality did not submit monthly reports to National Treasury on awards for contracts above R100 000, as required by MFMA circular 34 of 28 June 2006, issued in terms of section 74(1) of the MFMA.

Governance framework

13. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

14. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	<input type="checkbox"/>	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		<input type="checkbox"/>
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines, as set out in section 126 of the MFMA.	<input type="checkbox"/>	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	<input type="checkbox"/>	

No.	Matter	Y	N
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.	<input type="checkbox"/>	
	• The audit committee operates in accordance with approved, written terms of reference.	<input type="checkbox"/>	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		<input type="checkbox"/>
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	<input type="checkbox"/>	
	• The internal audit function operates in terms of an approved internal audit plan.		<input type="checkbox"/>
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		<input type="checkbox"/>
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	<input type="checkbox"/>	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	<input type="checkbox"/>	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	<input type="checkbox"/>	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used, as set out in section 62(1)(c)(i) of the MFMA.		<input type="checkbox"/>
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	<input type="checkbox"/>	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		<input type="checkbox"/>
14.	SCOPA/Oversight resolutions have been substantially implemented.	<input type="checkbox"/>	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		<input type="checkbox"/>
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		<input type="checkbox"/>
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Zululand District Municipality against its mandate, predetermined objectives, outputs, indicators and targets, as set out in section 68 of the MFMA.	<input type="checkbox"/>	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	<input type="checkbox"/>	

15. Key officials have been available throughout the audit, thus enabling the municipality to timeously provide a clear trail of supporting documents. However, weaknesses were identified as evidenced by numerous correcting adjustments in the amounts and disclosures in the financial statements provided for audit as well as the fact that the municipality did not develop and implement an effective system of risk management relating to financial reporting. Whilst overall leadership and supervision was effective.

Investigations

16. An investigation is in progress regarding the alleged misappropriation of money at the district municipality's cash office in Nongoma.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

17. I have reviewed the performance information as set out on pages 20 to 54.

The accounting officer's responsibility for the performance information

18. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

19. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
20. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
21. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Lack of effective, efficient and transparent systems and internal controls regarding performance management

22. The Zululand District Municipality did not document and approve internal policies and procedures to address planning, monitoring and reporting processes, events pertaining to performance information and steps to improve performance with regard to those development priorities and objectives where performance targets were not met, as required by section 41(1)(d) of the MSA.

Content of integrated development plan

23. The integrated development plan (IDP) of the Zululand District Municipality did not include input and outcome indicators, in respect of each of the development priorities and objectives, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations of 2001.

Usefulness and reliability of reported performance information

24. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit finding relate to the above criteria:

25. The changes to development priorities/objectives, key performance indicators and targets to the approved 2008/2009 IDP were not reviewed and approved by council in terms of consistency, relevance and reliability in order to assess the usefulness and reliability of the information on the municipality's performance.

Reported performance information not reliable

Lack of appropriate information systems generating performance information

26. Sufficient appropriate audit evidence with regard to the reported performance information of the objectives could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.

APPRECIATION

27. The assistance rendered by the staff of the Zululand District Municipality during the audit is sincerely appreciated.

Auditor-General

Pietermaritzburg

30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure B
Audited Financial Statements
2008/09

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June 2009

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Cllr V Z KaMagwaza Msibi
Cllr N J Mjaja
Cllr V O Mbuyisa
Cllr B B Zwane
Cllr N P Ndlela
Cllr S E Nkwanyana
Cllr J B Mavundla
Cllr T R Bunge
Cllr A B Lesala
Cllr M M Kunene
Cllr J B Ngema
Cllr M M Mntungwa
Cllr M A Shabangu
Cllr S Z Buthelezi
Cllr P M Mtshali
Cllr N V Mbatha
Cllr H S Ngwenya
Cllr F L Buthelezi
Cllr B S Khanyile
Cllr M Z Mafambani
Cllr M B Mabaso
Cllr N E Zungu
Cllr T B Lukhele
Cllr S P S Mwelase
Cllr K E Thabede
Cllr J P Ngwenya
Cllr J A Scheepers
Cllr R B Mhlungu
Cllr B A Mtshali
Cllr M E Ndwandwe
Cllr E M Nxumalo
Cllr M E Sishwili
Cllr T M Zungu
Cllr S Mlambo

Mayor

Speaker

[illegible]

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

4

Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

General information (continued)

Registered Office: ZULULAND DISTRICT MUNICIPALITY

Physical address:
B-400 GAGANE STREET
ULUNDI
3838

Postal address:
PRIVATE BAG X76
ULUNDI
3838

Telephone number: 035 874 5500

Fax number: 035 874 5589/91

E-mail address: info@zululand.org.za

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager:

DATE

2009/11/30

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2009

	Note	2009 R	2008 R RESTATED
ASSETS			
Current assets		128,643,430	184,401,778
Cash and cash equivalents	1	77,662,763	166,113,783
Trade and other receivables from exchange transactions	2	3,632,779	8,194,517
Other receivables from non-exchange transactions	3	4,565,066	1,504,380
Inventories	4	904,467	-
Prepayments	5	1,630,454	-
Current portion of receivables	6	73,144	136,975
VAT receivable	11	40,174,755	8,452,123
Non-current assets		1,072,622,161	908,927,487
Non-current receivables	6	859,404	855,046
Property, plant and equipment	7	1,071,383,311	907,500,620
Intangible assets	8	379,446	571,821
Total assets		1,201,265,591	1,093,329,265
LIABILITIES			
Current liabilities		83,762,427	92,746,664
Trade and other payables from exchange transactions	9	40,585,645	34,553,219
Consumer deposits	10	3,264,522	1,030,223
Bank overdraft	1	-	1,613,878
Current portion of unspent conditional grants and receipts	12	34,818,336	54,431,932
Current portion of borrowings	13	1,168,370	1,030,976
Current portion of finance lease liability	14	96,225	86,436
Other current financial liabilities	0	3,829,329	-
Non-current liabilities		4,363,769	5,628,364
Non-current borrowings	13	4,078,983	5,247,353
Non-current finance lease liability	14	284,786	381,011
Total liabilities		88,126,196	98,375,028
Net assets		1,113,139,395	994,954,237
NET ASSETS			
Accumulated surplus / (deficit)		1,113,139,397	994,954,235
Total net assets		1,113,139,397	994,954,235

ZULULAND DISTRICT MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE			
for the year ending 30 June 2009			
	Note	2009 R	2008 R RESTATED
Revenue			
Service charges	16	18,321,998	17,659,663
Rental of facilities and equipment	17	83,345	78,229
Interest earned - external investments	18	21,194,644	17,617,716
Interest earned - outstanding receivables	19	271,592	-
Government grants and subsidies	20	350,874,413	268,357,953
Public contributions and donations	22.2	70,000	-
Other income	22.1	460,612	452,997
Total revenue		391,276,604	304,166,558
Expenses			
Employee related costs	23	59,638,236	50,734,427
Remuneration of councilors	24	4,934,083	5,017,271
Collection costs		297,009	91,829
Depreciation and amortisation expense	25	30,028,894	-
Repairs and maintenance		19,276,561	17,085,116
Finance costs	26	832,563	3,391,489
Bulk purchases	27	25,188,286	20,014,825
Contracted services	28	3,008,486	-
Grants and subsidies paid	29	813,167	709,639
General expenses	30	123,347,501	201,193,370
Total expenses		267,364,786	298,237,966
Gain / (loss) on sale of assets	30.1	60,897	-
Surplus / (deficit) for the period		123,972,714	5,928,591

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2009

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2007	-	68,118,937	68,118,937	41,288,012	109,406,949
<i>Other items: Income received during the year/ Appropriations</i>		171,022,909	171,022,909	2,025,700	173,048,609
<i>Other items: Expenditure for the year</i>		(139,984,020)	(139,984,020)		(139,984,020)
<i>Surplus / (deficit) for the period</i>				5,928,591	5,928,591
Balance at 30 June 2008	-	99,157,826	99,157,826	49,242,303	148,400,129
Changes in accounting policy		(99,157,826)	(99,157,826)	946,191,449	847,033,623
Correction of prior period error				(479,518)	(479,518)
Restated balance 2008	-	-	-	994,954,235	994,954,235
Transfers to / from accumulated surplus/(deficit)				(5,787,552)	(5,787,552)
<i>Surplus / (deficit) for the period</i>				123,972,714	123,972,714
Balance at 30 June 2009	-	-	-	1,113,139,397	1,113,139,397

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			RESTATED
Receipts		339,015,385	-
Cash Received from consumers, government and c	31.1	339,015,385	-
Payments		(251,301,484)	-
Cash Paid to employee costs, supplier and other	31.2	(251,301,484)	-
Net cash flows from operating activities	31	87,713,901	1,092,083,724
Interest Received		21,194,644	17,617,716
Finance Cost		(832,563)	(3,391,489)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(193,658,314)	(940,027,553)
Purchase of fixed assets		(193,850,689)	(939,448,968)
Purchase of intangible assets		192,375	(578,585)
CASH FLOWS FROM FINANCING ACTIVITIES		(1,254,805)	(548,156)
Repayment of borrowings		(1,168,369)	(1,030,976)
Proceeds from finance lease liability		9,789	83,891
Repayment of finance lease liability		(96,225)	398,929
		(86,837,137)	165,734,242
Net increase / (decrease) in net cash and cash equivalents		(86,837,142)	165,734,242
Net cash and cash equivalents at beginning of period		164,499,905	(1,234,337)
Net cash and cash equivalents at end of period	32	77,662,763	164,499,905

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2009

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003)

These standards are summarised as follows:-

- GRAP 1 : Presentation of Financial Statements
- GRAP 2 : Cash Flow Statements
- GRAP 3 : Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 : The effects of Changes in Foreign Exchange Rates
- GRAP 5 : Borrowing Costs
- GRAP 6 : Consolidated and separate Financial Statements
- GRAP 7 : Investments in Associates
- GRAP 8 : Interests in Joint Ventures
- GRAP 9 : Revenue from Exchange Transactions
- GRAP 10 : Financial Reporting in Hyperinflationary Economies
- GRAP 11 : Construction Contracts
- GRAP 12 : Inventories
- GRAP 13 : Leases
- GRAP 14 : Events After the Reporting Date
- GRAP 16 : Investment Property
- GRAP 17 : Property, Plant and Equipment
- GRAP 19 : Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 : Non-current Assets Held for sale and Discontinued Operations
- GRAP 101 : Agriculture
- GRAP 102 : Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Prior Year Comparatives:

Due to the implementation of Grap, prior period amounts have been reclassified. The reclassification is due to the change in Accounting Policy and the reclassification is depicted in the change in Accounting policy note.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost or fair value less accumulated depreciation. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Water	15-70 years
Sewerage	15-70 years
Community	
Buildings	30 years
Recreational Facilities	20-30 years
Heritage assets	
Paintings and artifacts	Indefinite
Finance lease assets	
Office equipment	5 years
Other	
Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

2.5 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5-7 years
-------------------	-----------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3.5 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible asset as set out in paragraphs 110 to 118.

4 INVENTORIES

4.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

4.3 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

5.2.1 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

5.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

5.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 LEASES

9.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition.

9.2 MUNICIPALITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10 REVENUE

10.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received.

Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

10.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

11 TRANSITIONAL PROVISIONS

Zululand District Municipality has taken advantage of the transitional provision permitted by the Accounting Standards Board, as set out in Directive 4 Issued in March 2009 as follows:

GRAP 1 Presentation of Financial Statements-paragraphs 7-8A
GRAP 9 Revenue from Exchange Transactions-paragraphs 37-38
GRAP 12 Inventories-paragraph 45-52
GRAP 13 Leases-paragraph 55-60
GRAP 17 Property, Plant and Equipment-paragraphs 73-83
GRAP 19 Provision, Contingent Liabilities and Contingent Assets-paragraph 93-94E
GRAP 102 Intangible Assets-paragraph 110-118

The municipality has developed a plan to implement the above transitional provisions within the window period established in Directive 4. Progress will be evaluated each reporting period.

12 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

	Note	2009 R	2008 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		4,200	5,000
Cash at bank		12,591,509	-
Call deposits		65,067,055	166,108,783
		<u>77,662,763</u>	<u>166,113,783</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-Newcastle Branch: 4047162045

Cash book balance at beginning of year	1,612,797	
Cash book balance at end of year	<u>12,595,709</u>	<u>1,612,797</u>
Bank statement balance at beginning of year	10,696,797	16,308,670
Bank statement balance at end of year	<u>29,835,617</u>	<u>10,696,797</u>

<u>Cash on hand</u>	4,200	5,000
Total cash and cash equivalents	<u>77,662,763</u>	<u>166,113,783</u>
Total bank overdraft	-	1,613,878

Investments

Absa	40,067,055	83,758,008
FNB	25,000,000	42,350,775
STD		40,000,000
Total Investments	<u>65,067,055</u>	<u>166,108,783</u>

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTION			
<u>Trade receivables</u>			
as at 30 June 2009			
Service debtors			
Water	25,153,684	21,960,263	3,193,421
Other Receivables	439,359	-	439,359
Total	<u>25,593,043</u>	<u>21,960,263</u>	<u>3,632,779</u>
as at 30 June 2008			
Service debtors			
Water	17,326,086	9,131,569	8,194,517
Total	<u>17,326,086</u>	<u>9,131,569</u>	<u>8,194,517</u>
<u>Other receivables</u>	2,658,145	2,658,145	-
Other receivables	<u>2,658,145</u>	<u>2,658,145</u>	<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note	2009 R	2008 R
<u>Water and Sewerage: Ageing</u>		
Current (0 – 30 days)	1,513,336	2,895,204
31 - 60 Days	1,446,822	1,589,158
61 - 90 Days	981,561	991,855
91 - 120 Days	1,745,274	11,849,870
121 - 365 Days	19,154,251	
+ 365 Days		
Total	24,841,244	17,326,087

Summary of Debtors by Customer Classification

	Consumers R	Industrial / Commercial/ National & Provincial Government R	
as at 30 June 2009			
Current (0 – 30 days)	995,805	517,531	
31 - 60 Days	844,005	602,817	
61 - 90 Days	645,846	335,715	
91 - 120 Days	1,319,457	425,817	
121 - 365 Days	17,028,410	2,125,841	
+ 365 Days			
Sub-total	20,833,524	4,007,721	-
Less: Provision for doubtful debts			
Total debtors by customer classification	20,833,524	4,007,721	-

as at 30 June 2008

Current (0 – 30 days)	1,952,803	798,656	
31 - 60 Days	831,838	566,925	
61 - 90 Days	615,830	337,350	
91 - 120 Days	693,106	171,697	
121 - 365 Days	10,277,571	1,080,310	
+ 365 Days			
Sub-total	14,371,148	2,954,938	-
Less: Provision for doubtful debts			
Total debtors by customer classification	14,371,148	2,954,938	-

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	9,468,567	4,102,906
Contributions to provision	15,149,841	5,365,661
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	24,618,408	9,468,567

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

	Note	2009 R	2008 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Other debtors		4,565,066	1,504,380
Total Other Debtors		4,565,066	1,504,380
4 INVENTORIES			
Closing balance of inventories:		904,467	-
Consumable stores		292,033	-
Water meters		525,600	-
Water		86,834	-
5 PREPAYMENTS			
Prepaid expenses		1,630,454	-
Includes fees paid for IMFO, lease rentals and provision of water to surrounding areas			
6 NON-CURRENT RECEIVABLES			
Car loans		31,268	104,979
Bursary Debtors		62,881	55,644
Other non-current receivables		838,399	831,399
		932,548	992,021
Less : Current portion transferred to current receivables		(73,144)	(136,975)
Car loans		(10,263)	-
Bursary Debtors		(62,881)	-
Other non-current receivables		-	(136,975)
Total		859,404	855,046

Car Loans: 2008-2009 Senior staff were entitled to car loans which attract interest @ 8 % per annum and which were repayable over a maximum period of 6 years. However since staff appointed in terms of S 57 of the Municipal System Act 2000 are excluded from the scheme but existing loans at date of appointment attract interest at the official rate of interest 2006. With effect from 1 July 2004 the Municipal Finance Management Act prohibited the granting of loans to staff members. Existing loans at the time of discontinuance are payable over the remaining contract period. The employees who have the outstanding balances on the car loans, failed to settle the amount on termination.

Bursary Debtors: Comprises staff members who have not met the conditions of the bursary and are obliged to repay the amount.

Other non-current receivables: Comprises of Eskom Deposit- which is payable when an application is made to connect a new water scheme to the Eskom supply line. The deposit can either be a bank guarantee or a cheque payment. Fuel Deposit, Rent Deposit & Ondini Motors.

Fuel Deposit- Comprises a deposit payable in advance to a service station due to the fact that fuel is not sold on credit.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

Ondini Motors- this is the debtor in respect of misused petrol cards. The arrangements were made with the owner.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2008	400,000	26,925,030	873,212,330	-	-	6,523,260	440,000	907,500,620
Cost/Revaluation	400,000	30,592,666	940,383,321	-	-	13,702,133	550,000	985,628,120
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(3,667,636)	(67,170,991)	-	-	(7,178,873)	(110,000)	(78,127,500)
Acquisitions	70,000	-	64,313,884	-	-	8,522,306	-	72,906,190
Capital under Construction	-	-	120,991,494	-	-	-	-	120,991,494
Depreciation	-	(992,381)	(26,734,910)	-	-	(1,973,749)	(110,000)	(29,811,040)
Carrying value of disposals	-	-	-	-	-	(203,953)	-	(203,953)
Cost/Revaluation	-	-	-	-	-	(461,367)	-	(461,367)
Accumulated depreciation and impairment losses	-	-	-	-	-	257,414	-	257,414
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2009	470,000	25,932,649	1,031,782,798	-	-	12,867,864	330,000	1,071,383,311
Cost/Revaluation	470,000	30,592,666	1,125,688,699	-	-	21,763,072	550,000	1,179,064,437
Accumulated depreciation and impairment losses	-	(4,660,017)	(93,905,901)	-	-	(8,895,208)	(220,000)	(107,681,126)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

7.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2007	400,000	24,555,498	662,036,749	-	-	8,294,199	-	695,286,446
Cost/Revaluation	400,000	27,307,666	707,261,206	-	-	14,716,601	-	749,685,473
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(2,752,168)	(45,224,457)	-	-	(6,422,402)	-	(54,399,027)
Acquisitions	-	3,285,000	233,122,115	-	-	790,974	550,000	237,748,088
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	(915,468)	(21,946,534)	-	-	(1,990,091)	(110,000)	(24,962,093)
Carrying value of disposals	-	-	-	-	-	(571,821)	-	(571,821)
Cost/Revaluation	-	-	-	-	-	(1,805,441)	-	(1,805,441)
Accumulated depreciation and impairment losses	-	-	-	-	-	1,233,620	-	1,233,620
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2008	400,000	26,925,030	873,212,330	-	-	6,523,260	440,000	907,500,620
Cost/Revaluation	400,000	30,592,666	940,383,321	-	-	13,702,133	550,000	985,628,120
Accumulated depreciation and impairment losses	-	(3,667,636)	(67,170,991)	-	-	(7,178,873)	(110,000)	(78,127,500)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2008 R
8 INTANGIBLE ASSETS		
8.1 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 1 July 2008	571,821	571,821
Cost	1,805,441	1,805,441
Accumulated amortisation and impairment losses	(1,233,620)	(1,233,620)
Acquisitions	25,480	25,480
Amortisation	(217,855)	(217,855)
<hr/>		
as at 30 June 2009	379,446	379,446
Cost	1,830,921	1,830,921
Accumulated amortisation and impairment losses	(1,451,475)	(1,451,475)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Accrued Expenses		14,261,945	20,299,375
Trade creditors		6,729,149	-
Water Debtors with Credit Balances		480,585	-
Retention		16,399,631	11,873,810
Staff leave accrual		2,714,335	2,380,033
Total creditors		40,585,645	34,553,219
10 CONSUMER DEPOSITS			
Water		3,264,522	1,030,223
Total consumer deposits		3,264,522	1,030,223
11 VAT RECEIVABLE			
VAT receivable		40,174,755	8,452,123
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Unspent Conditional Grants from other spheres of Government			
Municipal Infrastructure Grant		17,214,680	-
DWAF Bulk Implementation Grant		-	37,290,645
Municipal Development Info Services		415,971	1,000,000
Gumbi Land Settlement		226,971	500,000
GIS Shared Services		250,000	-
Spatial Development Planning		250,000	-
Development Admin.		250,000	-
LGSETA- Road Construction		20,000	-
LGSETA		139,363	141,961
Building for Sport & Recreation		454,884	747,478
Municipal Systems improvement Grant		360,344	1,179,548
Development Planning Shared Services		1,050,000	-
Belgrade MPCC (NATIONAL TREASURY)		2,791,656	-
Infrastructure Backlog Studies		455,318	1,658,444
Transport Plan		627,418	627,418
IDP		-	80,000
DPLG GIS Capacity		-	14,066
KZN Infrastructure Grant		450,000	450,000
Gijima KZN		206,753	2,699
Ulundi Airport		3,937,495	210,618
Ulundi Airport Resurfacing		0	1,854,350
P700 Infrastructure		108,634	427,656
Ulundi Tourism Hub		805,467	1,378,868
Project Consolidate: Nongoma		1,464,268	1,746,768
Shared Services		-	253,651
Cengen Development		2,870,548	2,759,500
Indonsa		468,565	2,108,260
Total Unspent Conditional Grants and Receipts		34,818,336	54,431,932
Current portion of unspent conditional grants and receipts		34,818,336	54,431,932

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note	2009 R	2008 R
13 BORROWINGS		
INCA Loan	5,247,353	6,278,329
	<u>5,247,353</u>	<u>6,278,329</u>
Less : Current portion transferred to current liabilities	1,168,370	1,030,976
Annuity Loans	<u>1,168,370</u>	<u>1,030,976</u>
Total borrowings	<u>4,078,983</u>	<u>5,247,353</u>

Refer to Appendix A for more detail on borrowings.

14 FINANCE LEASE LIABILITY

2009

Amounts payable under finance leases

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	183,867	87,642	96,225
Within two to five years	424,732	139,946	284,786
	<u>608,599</u>	<u>227,588</u>	<u>381,011</u>
Less: Amount due for settlement within 12 months (current portion)			<u>96,225</u>
			<u>284,786</u>

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2008

Amounts payable under finance leases

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	167,151	80,715	86,436
Within two to five years	608,599	227,588	381,011
	<u>775,750</u>	<u>308,303</u>	<u>467,447</u>
Less: Amount due for settlement within 12 months (current portion)			<u>86,436</u>
			<u>381,011</u>

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

OTHER FINANCIAL LIABILITIES

15 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities	3,829,329	-
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16 SERVICE CHARGES

Sale of water	12,708,223	12,252,894
Sewerage and sanitation charges	5,613,775	5,406,769
Total Service Charges	<u>18,321,998</u>	<u>17,659,663</u>

17 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	83,345	78,229
Total rentals	<u>83,345</u>	<u>78,229</u>

18 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	21,194,613	17,617,716
Other	31	-
Total interest	<u>21,194,644</u>	<u>17,617,716</u>

19 INTEREST EARNED - OUTSTANDING RECEIVABLES

Debtors	271,592	-
Total interest	<u>271,592</u>	<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
20 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		127,541,093	103,478,543
MIG Grant		129,313,320	92,981,557
KZNPA Salaries		3,887,974	-
DWAF Salaries		2,974,800	4,010,800
GIS Capacity Building		14,066	-
IDP Grant		80,000	-
Shared Services Internal Audit		253,651	-
Airport Resurfacing		1,854,350	-
P700 Infrastructure		319,022	-
LG SETA		2,598	-
Nongoma Project Consolidate		282,501	-
Infrastructure Backlog Studies		1,203,126	-
INDONSA		1,639,695	2,609,000
DWAF		61,684,391	39,047,300
Municipal Systems Improvement Grant		1,554,204	1,500,000
Sports grant		542,594	500,000
Finance Management Grant		500,000	500,000
Gijima KZN		426,094	1,065,243
Ulundi Airport		5,634,122	-
Cengeni		5,785,952	1,000,000
Ulundi Tourism Hub		573,401	1,080,000
Municipal Development Information System		584,029	1,000,000
Gumbi Land Settlement		273,029	500,000
Belgrade MPCC		600,000	-
Growth & Development Summit		100,000	-
DWAF Operation & maintenance		3,250,400	4,382,600
Other Government Grants and Subsidies			14,702,910
Total Government Grant and Subsidies		360,874,413	268,357,953

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

21.2 MIG Grant

Balance unspent at beginning of year

Current year receipts

Conditions met - transferred to revenue

Conditions still to be met - remain liabilities

-	92,981,557
146,528,000	92,981,557
(129,313,320)	(92,981,556.7)
17,214,680	-

MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.

Other Conditional Government Grants and Subsidies

Balance unspent at beginning of year

Current year receipts

Conditions met - transferred to revenue

Conditions still to be met - remain liabilities

54,431,932	
53,253,178	
(90,081,454)	
17,603,656	54,431,932

21.3 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

22.1 Other income

Total Other Income

460,612	452,997
460,612	452,997

22.2 Public contributions and donations

Donations

Total public contributions and donations

-	-
70,000	-
70,000	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
23 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		41,229,809	35,039,856
Employee related costs - Contributions for UIF, pensions and medical aids		7,392,498	7,286,085
Travel, motor car, accommodation, subsistence and other allowances		3,968,871	4,062,101
Housing benefits and allowances		438,181	385,115
Overtime payments		3,343,929	2,347,902
Other employee related costs		3,264,947	1,613,368
Total Employee Related Costs		59,638,236	50,734,427

Remuneration of the Municipal Manager			
Annual Remuneration		441,776	398,615
Performance- and other bonuses		197,125	-
Travel, motor car, accommodation, subsistence and other allowances		321,698	328,360
Contributions to UIF, Medical and Pension Funds		156,439	139,516
Total		1,117,037	866,491

Remuneration of the Chief Finance Officer			
Annual Remuneration		250,800	250,800
Performance- and other bonuses		131,745	-
Travel, motor car, accommodation, subsistence and other allowances		418,911	376,525
Contributions to UIF, Medical and Pension Funds		102,180	97,777
Total		903,636	726,102

Remuneration of Individual Executive Directors	Technical Services R	Corporate Services R	Community Services R
2009			
Annual Remuneration	262,762	221,040	299,067
Performance- and other bonuses	131,745	131,745	131,745
Travel, motor car, accommodation, subsistence and other allowances	520,557	527,899	485,129
Contributions to UIF, Medical and Pension Funds	74,063	246,559	103,236
Total	989,127	1,127,241	1,019,177

	Technical Services R	Corporate Services R	Community Services R
2008			
Annual Remuneration	250,800	212,077	254,405
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	406,794	427,674	384,259
Contributions to UIF, Medical and Pension Funds	71,533	87,435	92,143
Total	729,127	727,186	730,807

24 REMUNERATION OF COUNCILLORS

Councillors	2,878,719	2,619,297
Councillors' pension and medical aid contributions	411,662	307,008
Councillors' allowances	1,643,702	2,090,966
Total Councillors' Remuneration	4,934,083	5,017,271

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

25 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	29,811,040	-
Intangible assets	217,855	-
Total Depreciation and Amortisation	30,028,895	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
26 FINANCE COSTS			
Borrowings		832,563	3,391,489
Total Finance Costs		832,563	3,391,489
27 BULK PURCHASES			
Electricity		7,913,901	5,376,760
Water		17,274,385	14,638,066
Total Bulk Purchases		25,188,286	20,014,826
28 CONTRACTED SERVICES			
Contracted services for:			
Security Services		2,444,020	
Cleaning Service		564,466	
		3,008,486	-
29 GRANTS AND SUBSIDIES PAID			
Grant/subsidy to Local Municipalities		813,167	709,639
		813,167	709,639
These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality			
30 GENERAL EXPENSES			
Included in general expenses are the following -			
Advertising		367,539	215,817
Audit fees		1,000,073	1,614,859
Bank charges		120,607	111,889
Cleaning		77,105	559,741
Conferences and delegations		4,446	5,164
Connection charges		315,623	-
Entertainment		361,688	195,093
Fuel and oil		3,529,067	2,333,525
Insurance		1,616,579	1,214,292
Membership fees		44,414	28,459
License fees		110,766	82,920
Membership fees		298,645	199,951
Postage		78,881	116,780
Printing and stationery		406,255	701,884
Professional fees		2,533,127	1,542,486
Rental of buildings		142,417	130,057
Rental of office equipment		120,443	347,250
Other rentals		564,722	222,976
Security costs		-	1,669,610
Accrued leave adjustment account		1,575,813	-
Skills development levies		541,298	401,333
Stocks and material		250,555	244,327
Subscription & publication		1,043,462	747,930
Telephone cost		2,024,928	1,440,082
Training		1,343,403	737,452
Community & social expenditure		62,490,637	-
Travel and subsistence		4,335,085	3,392,792
Uniforms & overalls		309,920	314,991
Grants expenditure		13,868,592	-
Other		23,871,411	182,621,709
		123,347,501	201,193,370
30.1 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		60,897	-
Total gain / (loss) on sale of assets		60,897	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note	2009 R	2008 R
31 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	123,972,714	5,928,592
Adjustment for:-		
Depreciation and amortisation	30,028,894	-
(Gain) / loss on sale of assets	(60,897)	-
Contribution to provisions - non-current	-	222,235
Contribution to provisions - current	832,563	3,391,489
Finance costs	-	1,109,240,791
Interest earned	(21,194,644)	(17,617,716)
Appropriation for the year	(5,787,552)	-
Operating surplus before working capital changes:	127,791,079	1,101,165,391
Working Capital	(40,077,178)	(9,081,667)
Increase in trade and other receivables from exchange transactions	4,561,737	1,061,068
Decrease in other receivables from non-exchange transactions	(3,060,686)	10,635,052
Increase in current portion of receivables	63,831	69,822
Increase in prepayments	(1,630,454)	1,175,245
(Increase)/decrease in VAT receivable	(31,722,632)	(8,452,123)
Increase in Inventory	(904,467)	-
Decrease in non-current receivables	(4,358)	(1,511)
Increase in trade and other payables from exchange transactions	6,032,426	1,984,292
Increase/(decrease) in consumer deposits	2,234,298	(517,968)
Increase in current provisions	-	-
Decrease in current portion of unspent conditional grants and receipts	(19,613,596)	(13,687,006)
Increase in current portion of borrowings	137,394	(1,348,538)
Decrease in other current financial liabilities	3,829,329	-
Appropriation for the year	-	-
(Increase)/decrease in inventories	-	-
Cash generated by/(utilised in) operations	87,713,901	1,092,083,724
31.1 Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	391,276,604	304,166,557.50
Adjusted for items disclosed separately		
Interest received	(21,194,644)	-
Adjusted for working capital	(31,066,575)	4,487,553
Increase in trade and other receivables from exchange transactions	4,561,737	1,061,068.00
Decrease in other receivables from non-exchange transactions	(3,060,686)	10,635,052.00
Increase in current portion of receivables	63,831	69,822.00
(Increase)/decrease in VAT receivable	(31,722,632)	(8,452,123)
Increase in Inventory	(904,467)	1,175,245.00
Decrease in non-current receivables	(4,358)	(1,511.00)
Cash receipts from consumers, government and other	339,015,385	308,654,111
31.2 Cash paid to employees, suppliers and other		
Total expenses as per statement of financial performance	(267,364,786)	298,237,966.03
Adjusted for non-cash items:	24,241,342	1,109,463,026
Depreciation	30,028,894	-
Appropriations for the year	(5,787,552)	-
Contribution to provisions - current	-	222,235.00
Other adjustments	-	1,109,240,791.00
Adjusted for items disclosed separately	832,563	-
Finance Costs	-	-
Adjusted for working capital	(9,010,603)	(13,569,220)
Increase in prepayments	(1,630,454)	-
Increase in trade and other payables from exchange transactions	6,032,426	1,984,292.00
Decrease in current portion of unspent conditional grants and receipts	(19,613,596)	(13,687,006)
Increase/(decrease) in consumer deposits	2,234,298	(517,968)
Increase in current portion of borrowings	137,394	(1,348,538)
Decrease in other current financial liabilities	3,829,329	-
Cash paid to employees, suppliers and other	(261,301,484)	1,394,131,772

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note

2009
R

2008
R

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
32 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		77,662,763	166,113,783
Bank overdrafts		-	(1,613,878)
Net cash and cash equivalents (net of bank overdrafts)		77,662,763	164,499,905
33 CHANGE IN ACCOUNTING POLICY			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies, implementation of GRAP and changes to existing policies:			
33.1 Reserves			
Balance previously reported: -			
Project Development Fund			7,505,703
MIG			37,220,192
DWAF			37,290,645
Municipal Development Information services			1,000,000
Gumbi Land Settlement			500,000
LGSETA			141,961
Building for Sport and Recreation			747,478
Municipal Systems Improvement			1,179,548
Grant: Infrastructure Backlog Studies			1,658,444
Grant: Transport plan			627,418
Grant: IDP			80,000
Grant: DPLG GIS Capacity			14,066
KZN Infrastructure Grant			450,000
Gijima KZN			2,699
Ulundi Airport			210,618
Ulundi Airport Resurfacing			1,854,350
P700 Infrastructure			427,656
Ulundi Tourism Hub			1,378,868
Project Consolidate: Nongoma			1,746,768
Shared Services			253,651
Cengen Development			2,759,500
Indonsa			2,108,260
Other reserves			-
Loans redeemed and other capital receipts			-
Total		-	99,157,826
Implementation of GRAP			
Transferred to accumulated surplus/(deficit)			44,725,895
Transferred to unspent conditional grants			54,431,932
33.2 Provisions and Reserves			
Balance previously reported			
Staff Bursary Reserve			138,889
Leave Provision			2,380,033
Total		-	2,518,922
Implementation of GRAP			
Transferred to accumulated surplus/(deficit)			138,889
Transferred to staff leave accrual			2,380,033
			2,518,922
33.3 Loans Redeemed and other capital receipts			
Balance previously reported			980,605,233
Implementation of GRAP			
Transferred to accumulated surplus/(deficit)			980,605,233
Total		-	-
33.4 Property, plant and equipment			
Balance previously reported			985,078,120
Implementation of GRAP			
Finance lease asset previously not recorded			550,000
Total		-	985,628,120

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Note	2009 R	2008 R
33.5 Accumulated Depreciation			
Balance previously reported			-
Implementation of GRAP			
Backlog depreciation: land and buildings			3,667,636
Backlog depreciation: infrastructure			67,170,991
Backlog depreciation: other			7,178,873
Finance lease asset			110,000
Amortisation of intangible asset			1,233,620
Total (debited to accumulated surplus/(deficit))		<u>-</u>	<u>79,361,120</u>
33.6 Accumulated Surplus/(Deficit)			
Balance previously reported			49,242,304
Implementation of GRAP			
Adjustments to loans redeemed and other capital receipts (see 33.3 above)			980,605,233
Excessive provisions and reserves no longer permitted (see 33.2 above)			138,889
Finance charges on finance lease previously not recognised			(69,403)
Transferred from statutory funds (see 33.1 above)			44,725,895
Finance lease instalments previously expensed			151,956
Backlog depreciation (see 33.5 above)			(79,361,120)
Total		<u>-</u>	<u>995,433,753</u>
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
34 MANAGEMENT ACT			
34.1 Contributions to organised local government			
Opening balance			
Membership Fees		298,645	
Balance unpaid (included in payables)		<u>298,645</u>	<u>-</u>
34.2 Audit fees			
Amount paid - current year		1,000,073	871,712
Balance unpaid (included in payables)		<u>1,000,073</u>	<u>871,712</u>
34.3 VAT			
VAT input receivables and VAT output payables are shown in note 11. Not all VAT returns were submitted by the due date throughout the year but corrective measures are now in place.			
34.4 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		8,859,329	7,456,708.99
Amount paid - current year		(8,859,329)	(7,456,709)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>(0)</u>	<u>-</u>
34.5 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council Contributions		11,403,966	8,894,803.24
Amount paid - current year		(11,403,966)	(8,894,803)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>(0)</u>	<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Note	2009 R	2008 R	
34.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
as at 30 June 2009			
Cllr V Z KaMagwaza-Msibi	251	251	-
Cllr S E Nkwanyana	2,399	92	2,307.00
Total Councillor Arrear Consumer Accounts	2,651	343	2,307.00
as at 30 June 2008			
Cllr V Z Magwaza	324	218	-
Cllr S E Nkwanyana	1,713	78	1,634.65
Total Councillor Arrear Consumer Accounts	2,037	296	1,634.65
During the year the following Councillors had arrear accounts outstanding for more than 90 days.	Highest Amount Outstanding R	Ageing Days	
as at 30 June 2009			
Cllr S E Nkwanyana	2,242	90x days	
as at 30 June 2008			
Cllr S E Nkwanyana	1,713	90x days	

35 CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

- Approved and contracted for Infrastructure	148,870,973	99,157,827.00
	148,870,973	99,157,827.00
Total	148,870,973	99,157,827.00
This expenditure will be financed from:		
- Government Grants	148,870,973	99,157,827.00
	148,870,973	99,157,827.00

35.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	59,538	
In the second to fifth year inclusive	51,628	
Total	111,166	-

36 RELATED PARTIES

Members of key management (refer to note 22)
Compensation to councillors and other key management (refer to note 22 & 23)

37 CORRECTION OF ERROR

During the year ended 30 June 2008, fuel and oil for the 07/08 financial was erroneously recorded as an expense in the 2008/2009 financial year.

The comparative amount has been restated as follows:

Corrections of prior year fuel and oil recorded as an expense in the current year	479,518	
Decrease in Fuel and Oil	479,518	-
Net effect on surplus/(deficit) for the year		
Net effect on accumulated surplus opening balance	(479,518)	

38 APPROPRIATIONS FOR THE YEAR

Appropriation for the year is used to record transactions that affect the accumulated surplus. These include prior year cheques not cancellable/ issuable against the line item from which it was issued, journals.

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2009

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2008	Received during the period	Redeemed / written off during the period	Balance at 30 June 2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS-INCA LOAN@12.91%		31/03/2013	R 6,278,328	R -	R 1,030,975	R 5,247,353	R	R
Total long-term loans			6,278,328	-	1,030,975	5,247,353		
TOTAL EXTERNAL LOANS			6,278,328	-	1,030,975	5,247,353		

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	400,000	70,000	-	-	470,000	-	-	-	-	-	-	-	470,000
Land	400,000	70,000	-	-	470,000	-	-	-	-	-	-	-	470,000
Buildings	30,592,666	-	-	-	30,592,666	(3,667,636)	(992,381)	-	-	(4,660,017)	-	-	25,932,649
Infrastructure													
Water & Sewerage Inst	639,375,026	2,629,492	-	17,038,667	659,043,185	(44,346,346)	(17,177,674)	-	-	(61,524,020)	-	-	597,519,165
Water & Sewerage Pipes	301,008,295	61,684,391	-	103,952,828	466,645,514	(22,824,645)	(9,557,236)	-	-	(32,381,881)	-	-	434,263,633
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	940,383,321	64,313,884	-	120,991,494	1,125,688,699	(67,170,991)	(26,734,910)	-	-	(93,905,901)	-	-	1,031,782,798
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	971,375,987	64,383,884	-	120,991,494	1,156,751,365	(70,838,627)	(27,727,291)	-	-	(98,565,918)	-	-	1,058,185,447

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	971,375,987	64,383,884	-	120,991,494	1,156,751,365	(70,838,627)	(27,727,291)	-	-	(98,565,918)	-	-	1,058,185,447
Other Assets													
Office Equipment	982,365	216,771	-	-	1,199,136	(551,994)	(134,870)	-	-	(686,864)	-	-	512,272
Furniture & Fittings	253,391	23,865	-	-	277,256	(182,863)	(25,547)	-	-	(208,410)	-	-	68,846
Emergency Equipment	139,475	-	-	-	139,475	(14,674)	(13,948)	-	-	(28,622)	-	-	110,853
Motor vehicles	8,678,671	6,869,723	(461,367)	-	15,087,027	(4,331,529)	(1,386,467)	257,414	-	(5,460,582)	-	-	9,626,445
Computer Equipment	2,685,649	1,411,948	-	-	4,097,597	(1,856,023)	(367,724)	-	-	(2,223,747)	-	-	1,873,850
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	962,582	-	-	-	962,582	(241,790)	(45,193)	-	-	(286,983)	-	-	675,599
	13,702,133	8,522,306	(461,367)	-	21,763,072	(7,178,873)	(1,973,749)	257,414	-	(8,895,208)	-	-	12,867,864
Finance Lease Assets													
Office Equipment	550,000	-	-	-	550,000	(110,000)	(110,000)	-	-	(220,000)	-	-	330,000
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	550,000	-	-	-	550,000	(110,000)	(110,000)	-	-	(220,000)	-	-	330,000
Total	985,628,120	72,906,190	(461,367)	120,991,494	1,179,064,437	(78,127,500)	(29,811,040)	257,414	-	(107,681,126)	-	-	1,071,383,311

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2008

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	400,000	-	-	-	400,000	-	-	-	-	-	-	-	400,000
	400,000	-	-	-	400,000	-	-	-	-	-	-	-	400,000
Buildings	27,307,686	3,285,000	-	-	30,592,686	(2,752,168)	(915,466)	-	-	(3,667,636)	-	-	26,925,030
Infrastructure													
Water & Sewerage Inst	484,624,669	154,750,357	-	-	639,375,026	(29,906,943)	(14,439,403)	-	-	(44,346,346)	-	-	595,028,680
Water & Sewerage Pipes	222,636,537	78,371,758	-	-	301,008,295	(15,317,514)	(7,507,131)	-	-	(22,824,645)	-	-	278,183,650
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	707,261,206	233,122,115	-	-	940,383,321	(45,224,457)	(21,946,534)	-	-	(67,170,991)	-	-	873,212,330
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	734,968,872	236,407,115	-	-	971,375,987	(47,976,625)	(22,862,002)	-	-	(70,838,627)	-	-	900,537,360

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2008

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	734,968,872	238,407,115	-	-	971,375,987	(47,976,625)	(22,862,002)	-	-	(70,838,627)	-	-	900,537,360
Other Assets													
Office Equipment	727,259	255,106	-	-	982,365	(438,946)	(113,046)	-	-	(551,994)	-	-	430,371
Furniture & Fittings	235,337	18,054	-	-	253,391	(156,381)	(26,482)	-	-	(182,863)	-	-	70,528
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139,475	-	-	-	139,475	(650)	(14,024)	-	-	(14,674)	-	-	124,801
Motor vehicles	8,678,871	-	-	-	8,678,871	(3,168,243)	(1,163,286)	-	-	(4,331,529)	-	-	4,347,142
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2,258,641	427,007	-	-	2,685,649	(1,520,627)	(335,396)	-	-	(1,856,023)	-	-	829,626
Computer Software (part of computer equipment)	1,714,635	90,806	(1,805,441)	-	-0.00	(950,297)	(283,323)	1,233,620	-	-	-	-	(0)
Other Assets	962,582	-	-	-	962,582	(187,258)	(54,532)	-	-	(241,790)	-	-	720,792
	14,716,601	790,974	(1,805,441)	-	13,702,133	(6,422,402)	(1,990,091)	1,233,620	-	(7,178,873)	-	-	6,523,260
Finance Lease Assets													
Office Equipment	-	550,000	-	-	550,000	-	(110,000)	-	-	(110,000)	-	-	440,000
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	550,000	-	-	550,000	-	(110,000)	-	-	(110,000)	-	-	440,000
Total	749,685,473	237,748,088	(1,805,441)	-	985,628,120	(54,399,027)	(24,962,093)	1,233,620	-	(78,127,500)	-	-	907,500,620

ZULULAND DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Executive & Council	30,715,120	8,592,306		(461,367)	38,846,059	(7,288,873)	(2,083,749)	257,414	(9,115,208)	29,730,851
Finance & Admin	2,995,580				2,995,580				-	2,995,580
Planning & Development	3,788,992				3,788,992				-	3,788,992
Health	12,966				12,966				-	12,966
Community & Social Services	343,507				343,507				-	343,507
Public Safety	2,173,787				2,173,787				-	2,173,787
Water	945,561,140	64,313,884	120,991,494		1,130,866,518	(70,838,627)	(27,727,291)		(98,565,918)	1,032,300,600
Electricity					-				-	-
Other	37,027	-			37,027				-	37,027
Total	985,628,119	72,906,190	120,991,494	(461,367)	1,179,064,436	(78,127,500)	(29,811,040)	257,414	(107,681,126)	1,071,383,310

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2009

2008	2008	2008		2009	2009	2009
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
-	28,019,121	(28,019,121)	Executive & Council	-	30,619,095	(30,619,095)
122,277,486	10,604,683	111,672,803	Finance & Admin	150,225,287	41,354,947	108,870,340
6,534,593	10,977,343	(4,442,750)	Planning & Development	19,001,395	26,401,290	(7,399,895)
-	1,377,437	(1,377,437)	Health	-	1,348,394	(1,348,394)
3,905,560	29,780,054	(25,874,494)	Community & Social Services	2,182,289	60,720,480	(58,538,191)
-	665,920	(665,920)	Public Safety	-	823,823	(823,823)
166,042,151	209,450,989	(43,408,838)	Waste Management	5,613,775	4,961,653	652,122
5,406,769	4,527,454	879,315	Water	214,314,755	99,535,576	114,779,178
-	2,834,964	(2,834,964)	Other	-	1,599,527	(1,599,527)
304,166,559	298,237,965	5,928,594		391,337,501	267,364,786	123,972,715
304,166,559	298,237,965	5,928,594	Total	391,337,501	267,364,786	123,972,715

	2009 Actual R'000	2009 Budget R'000	2009 Variance R'000	2009 Variance %	Explanation for variances
REVENUE					
Service Charges	18,321,998	15,835,573	2,486,425	16	Water consumed exceeded expectations.
Rental of facilities and equipment	83,345	-	83,345		Omitted from the budget
Interest earned- external investments	21,194,644	19,800,000	1,394,644	7	The level of investments and the rate fluctuated to the benefit of the district. An original budget of R12,000,000 was adjusted by R7,800,000 through the adjustments budget.
Interest earned- outstanding debtors	271,592	-	271,592		Not budgeted for but effected due the implementation of GRAP.
Fines					
Licences and permits					
Government Grants & Subsidies	350,874,413	386,090,991	-35,216,577	-9	The variance primarily comprises the unspent conditional grants
Public contributions and donations	70,000	-	70,000		Not expected at budget time
Other revenue	460,612	-	460,612		This comprises mainly tender income, telephone recovered and other income that could not be determined with certainty at budget time
Gains on disposal of property, plant and equipment	60,897	250,000	-189,103	-76	Vehicles that were expected to be sold were actually not sold during the year.
TOTAL REVENUE	391,337,501	421,976,563	-30,639,062		
EXPENDITURE					
Employee related costs	59,638,236	59,189,793	448,443	1	Overtime actual exceeded the budgeted amount. Moreover, vacancies are budgeted for a full year and some are only filled after a few months have lapsed and as a result savings are achieved.
Remuneration of Councillors	4,934,083	4,680,846	253,237	5	Annual increments were higher than budgeted.
Collection costs	297,009	190,801	106,208	56	Only an estimate at budget time.
Depreciation	30,028,894	-	30,028,894	100	Depreciation not budgeted for as council was in the process of implementing a proper assets register at budget time. However, actual depreciation had to be calculated in terms of GRAP requirements.
Repairs and maintenance	19,276,561	23,286,641	-4,010,080	-17	Expenditure qualify as assets and thus capitalised in terms of GRAP
Bulk purchases	25,188,286	31,800,340	-6,612,054	-21	Savings were achieved on the bulk maintenance contract
Contracted services	3,008,486	3,079,117	-70,631	-2	
General expenses	123,347,501	128,723,295	-5,375,794	-4	Ward requirements were not purchased but budgeted as carry-over in 2009/2010.
Finance Cost	832,563	731,902	100,661	14	Finance lease interest expense budgeted as part of rent equipment.
Grants and subsidies paid	813,167	813,167	-	-	
TOTAL EXPENDITURE	267,364,786	252,495,902	14,868,884		
SURPLUS / -DEFICIT FOR THE YEAR	123,972,715	169,480,661	-45,507,946		

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E (2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Additions R	2009 Under Construction R	2009 Total Additions R	2009 Budgeted Additions R	2009 Variance	2009 Variance
Buildings	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-
Water & Sewerage Install	2,629,492	17,038,667	19,668,159	19,668,159	-	-
Water & Sewer Pipes	61,884,391	103,952,828	165,837,219	182,851,899	(17,214,680)	-9%
	64,313,883	120,991,495	185,305,378	202,520,058	(17,214,680)	-9%
Community Assets	-	-	-	-	-	-
Sports facilities	-	-	-	-	-	-
Tourism Hub	-	-	-	-	-	-
Production Centre	-	-	-	-	-	-
	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Office & Computer Equipment	218,771	-	218,771	218,771	-	-
Furniture and fittings	23,865	-	23,865	23,865	-	-
Motor Vehicles	6,869,723	-	6,869,723	8,037,996	(1,168,273)	-15%
Computer Equipment	1,411,948	-	1,411,948	1,411,948	-	-
	8,522,307	-	8,522,307	9,690,580	(1,168,273)	-12%
Finance Lease	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total	72,836,190	120,991,495	193,827,685	212,210,638	(18,382,953)	-8%
Capital expenditure during the year ended 30 June 2009 was restricted due to cashflow constraints						

MEASURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2007/2008 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2008/2009 financial statements	Grants and Subsidies delivered / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
to Share	National Treasury	-	-	42 513 898	31 885 273	53 142 122	-	127 541 093	42 513 898	31 885 273	53 142 122	-	127 541 093	-	-	-	-
Grant	Art & Culture	2 106 280	-	-	-	-	-	-	305 837	220 748	384 213	728 898	1 639 695	488 565	-	-	YES
Salaries Grant	DWAF	-	-	804 000	804 000	804 000	582 800	2 974 800	1 851 748	1 323 052	-	-	2 974 800	-	-	-	YES
	DPLG	1 179 548	-	735 000	-	-	-	735 000	5 403	249 326	339 240	980 234	1 554 204	360 344	-	-	YES
Operation & Maintenance Grant	DWAF	-	-	958 000	958 000	869 200	869 200	3 250 400	87 784	183 399	133 557	2 885 680	3 250 400	-	-	-	YES
ered Services	DLGTA	-	-	250 000	-	-	-	250 000	-	-	-	-	-	250 000	-	-	YES
Planning	DLGTA	-	-	250 000	-	-	-	250 000	-	-	-	-	-	250 000	-	-	YES
ment Administration	DLGTA	-	-	250 000	-	-	-	250 000	-	-	-	-	-	250 000	-	-	YES
and Development Summit	DLGTA	-	-	100 000	-	-	-	100 000	-	-	-	-	-	250 000	-	-	YES
	DPLG	-	-	40 020 733	19 907 000	85 930 267	20 870 000	148 528 000	4 435 710	41 893 748	29 520 111	53 883 601	129 313 170	17 214 831	-	-	YES
plementation Grant	DWAF	37 290 645	-	-	5 108 080	7 862 120	7 865 000	20 455 200	-	10 282 367	1 071 078	50 330 947	81 884 301	(3 936 546)	-	-	YES
rant	Department of Sport & Recreation	747 478	-	250 000	-	-	-	250 000	135 175	15 304	-	392 115	542 564	454 884	-	-	YES
	National Treasury	-	-	500 000	-	-	-	500 000	147 108	214 330	122 397	15 964	500 000	(0)	-	-	YES
	LEO	2 098	-	388 991	-	231 158	-	630 148	114 094	312 000	-	-	428 094	206 753	-	-	YES
Urbort Grant	Office Of the Premier	210 615	-	4 536 000	-	-	4 823 000	9 381 000	1 488 267	1 096 180	1 270 420	1 789 256	5 634 123	3 937 495	-	-	YES
ement Planning Shared Services	DLGTA	-	-	500 000	-	550 000	-	1 050 000	-	-	-	-	-	1 050 000	-	-	YES
Salaries	-	-	-	-	3 887 974	-	-	3 887 974	-	-	-	3 887 974	3 887 974	(0)	-	-	YES
Gate Development	DLGTA	2 759 500	-	-	4 100 000	1 797 000	-	5 897 000	445 850	284 035	1 100 000	3 956 068	5 785 952	2 870 548	-	-	YES
\ Road Construction	LGSETA	-	-	-	-	-	20 000	20 000	-	-	-	-	-	20 000	-	-	YES
	DLGTA	80 000	-	-	-	-	-	-	-	-	-	80 000	80 000	-	-	-	YES
Hub	DLGTA	1 378 868	-	-	-	-	-	-	267 300	306 101	-	-	573 401	805 487	-	-	YES
Infrastructure	DLGTA	427 856	-	-	-	-	-	-	-	319 022	-	-	319 022	108 834	-	-	YES
Urbort Resurfacing	DLGTA	1 854 350	-	-	-	-	-	-	-	249 836	1 275 462	328 051	1 854 350	0	-	-	YES
and Settlement	DLGTA	500 000	-	-	-	-	-	-	-	49 088	167 467	58 483	273 028	226 971	-	-	YES
Services Internal Audit	DLGTA	253 851	-	-	-	-	-	-	-	-	172 707	80 944	253 851	0	-	-	YES
to Protect Consolidate	DLGTA	1 748 768	-	-	-	-	-	-	-	-	-	-	282 501	1 464 268	-	-	YES
al Development Info Services	DLGTA	1 000 000	-	-	-	-	-	-	-	-	-	584 029	584 029	415 971	-	-	YES
Infrastructure	DLGTA	450 000	-	-	-	-	-	-	-	-	-	-	-	450 000	-	-	YES
\ Grant	LGSETA	141 861	-	-	-	-	-	-	850	850	650	650	2 598	139 363	-	-	YES
ulture Backlog Studies	DLGTA	1 858 444	-	-	-	-	-	-	14 301	639 028	43 567	506 230	1 203 128	455 318	-	-	YES
ansport Plan	Department of Transport	827 418	-	-	-	-	-	-	-	-	-	-	-	827 418	-	-	YES
ectry Building	DLGTA	14 066	-	-	-	-	-	-	14 066	-	-	-	-	-	-	-	YES
MPCC	Nabonlal Treasury	-	-	3 391 856	-	-	-	3 391 856	-	-	-	-	14 066	-	-	-	YES
	-	64 431 932	-	95 488 078	86 648 327	130 788 867	34 430 000	327 322 271	81 816 973	88 391 437	88 365 247	120 228 106	350 874 262	20 878 941	-	-	-
								327 322 271					350 891 782				
		64 431 932							Reflected as other debtors - claims submitted awaiting settlement - Note 3					3 938 646			
									Unspent grants at 30 June 2008 - Note 13					34 818 488			

Reflected as unspent conditional grant represents grants on whose conditions have not yet been met.